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Legislative Audit Division

State of Montana

Report to the Legislature

November 2002

Financial-Compliance Audit

For the Two Fiscal Years Ended June 30, 2002

Montana Chiropractic Legal Panel

We performed a financial-compliance audit of the Montana Chiropractic Legal Panel for the two fiscal years ended June 30, 2002. We issued an unqualified opinion on the financial schedules which means the reader may rely on the presented financial information and the supporting data recorded on the state's accounting records.

This audit report contains no recommendations. The prior audit report also contained no recommendations.

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FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

Government Auditing Standards, the Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2003, will be issued by March 31, 2004. The Single Audit Report for the two fiscal years ended June 30, 2001, was issued on March 26, 2002. Copies of the Single Audit Report, when available, can be obtained by contacting:

Single Audit Coordinator
Office of Budget and Program Planning
State Capitol
Helena MT 59620
Phone (406) 444-3616

Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705

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John W. Northey, Legal Counsel

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

November 2002

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Montana Chiropractic Legal Panel (panel) for the two fiscal years ended June 30, 2002. The objectives of our audit were to determine the panel's compliance with applicable laws and regulations, make necessary recommendations for improvements in management and internal controls, and determine if the panel's financial schedules fairly present the results of its operations.

The report contains no recommendations. Beginning on page A-1, you will find our unqualified opinion and the panel's financial schedules. An unqualified opinion means the reader may rely on the presented financial information. The panel's response to our audit is on page B-1.

The panel was established as a state agency in January 1990. Its duties are set forth in Title 27, chapter 12, of the Montana Code Annotated. The panel is administratively attached to the Montana Supreme Court. However, the panel manages its accounting and budgeting processes. The Department of Administration records the transactions for the panel on the state accounting records. The panel held four hearings in fiscal year 2000-01 and no hearings in fiscal year 2001-02.

Funding for the panel is derived from an annual fee assessed to chiropractic physicians. In accordance with section 27-12-207(1), MCA, we analyzed the annual fee charged and found the assessment to be reasonable.

We thank the director for her assistance and cooperation during our audit.

Respectfully submitted,

Scott A. Seacat
Legislative Auditor

Room 160, State Capitol Building PO Box 201705 Helena, MT 59620-1705
Phone (406) 444-3122 FAX (406) 444-9784 E-Mail lad@state.mt.us

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Montana Chiropractic Legal Panel	Mary Lou Garrett, Director

For further information on the Montana Chiropractic Legal Panel, contact:

Mary Lou Garrett, Director
Montana Chiropractic Legal Panel
PO Box 1098
Helena MT 59624-1098
(406) 442-7275

e-mail: *mtchiro@montana.com*

Members of the audit staff involved in this audit were John Fine and Sonia Powell.

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Schedules of Changes in Fund Balance, Schedules of Total Revenues, and Schedules of Total Expenditures of the Montana Chiropractic Legal Panel (panel) for each of the two fiscal years ended June 30, 2002. The information contained in these financial schedules is the responsibility of the panel's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The schedules are not intended to be a complete presentation and disclosure of the panel's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balance of the Montana Chiropractic Legal Panel for each of the two fiscal years ended June 30, 2002, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

James Gillett, CPA
Deputy Legislative Auditor

November 4, 2002

Room 160, State Capitol Building PO Box 201705 Helena, MT 59620-1705
Phone (406) 444-3122 FAX (406) 444-9784 E-Mail lad@state.mt.us

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Special Revenue Fund
FUND BALANCE: July 1, 2001	$ 33,928
ADDITIONS	
Budgeted Revenues	13,650
Total Additions	13,650
REDUCTIONS	
Budgeted Expenditures	3,774
Total Reductions	3,774
FUND BALANCE: June 30, 2002	$ 43,804

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

		Special Revenue Fund
FUND BALANCE: July 1, 2000	$	36,395
ADDITIONS		
Budgeted Revenues		12,475
NonBudgeted Revenues		8
Total Additions		12,483
REDUCTIONS		
Budgeted Expenditures		14,934
Prior Year Expenditures		16
Total Reductions		14,950
FUND BALANCE: June 30, 2001	$	33,928

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Special Revenue Fund
TOTAL REVENUES BY CLASS	
Charges for Services	$ 13,650
Total Revenues	13,650
Actual Budgeted Revenues	13,650
Estimated Revenues	15,000
Budgeted Revenues Over (Under) Estimated	$ (1,350)
BUDGETED REVENUES OVER (UNDER) ESTIMATED BY CLASS	
Charges for Services	$ (1,350)
Budgeted Revenues Over (Under) Estimated	$ (1,350)

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Special Revenue Fund
TOTAL REVENUES BY CLASS	
Taxes	$ 8
Charges for Services	12,475
Total Revenues	12,483
Less: Nonbudgeted Revenues	8
Actual Budgeted Revenues	12,475
Estimated Revenues	16,800
Budgeted Revenues Over (Under) Estimated	$ (4,325)
BUDGETED REVENUES OVER (UNDER) ESTIMATED BY CLASS	
Charges for Services	$ (4,325)
Budgeted Revenues Over (Under) Estimated	$ (4,325)

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

		LEGAL PANEL OPERATIONS
PROGRAM (SUBCLASS) EXPENDITURES		
Operating Expenses		
Other Services	$	3,661
Supplies & Materials		65
Communications		41
Travel		7
Total		3,774
Total Expenditures	$	3,774
EXPENDITURES BY FUND		
Special Revenue Fund	$	3,774
Total Expenditures		3,774
Actual Budgeted Expenditures		3,774
Budget Authority		65,000
Unspent Budget Authority	$	61,226
UNSPENT BUDGET AUTHORITY BY FUND		
Special Revenue Fund	$	61,226
Unspent Budget Authority	$	61,226

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

		LEGAL PANEL OPERATIONS
PROGRAM (SUBCLASS) EXPENDITURES		
Operating Expenses		
Other Services	$	12,502
Supplies & Materials		640
Communications		383
Travel		854
Rent		571
Total		14,950
Total Expenditures	$	14,950
EXPENDITURES BY FUND		
Special Revenue Fund	$	14,950
Total Expenditures		14,950
Less: Prior Year Expenditures Adjustments		16
Actual Budgeted Expenditures		14,934
Budget Authority		17,193
Unspent Budget Authority	$	2,259
UNSPENT BUDGET AUTHORITY BY FUND		
Special Revenue Fund	$	2,259
Unspent Budget Authority	$	2,259

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

Notes to the Financial Schedules

1. Summary of Significant Accounting Policies

Basis of Accounting

The Montana Chiropractic Legal Panel (panel) uses the modified accrual basis of accounting, as defined by state accounting policy, for its Special Revenue Fund. In applying the modified accrual basis, the panel records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the panel incurs the related liability and it is measurable.

Expenditures may include entire budgeted service contracts even though the panel receives the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the state's accounting system without adjustment. Accounts are organized in funds according to state law. The panel uses the following fund:

Governmental Fund Category

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes. The panel's entire operation is accounted for in a Special Revenue Fund.

2. Expenditure Program (Subclass)

As part of the implementation of a new accounting system in fiscal year 1999-00, state officials determined that a subclass designation would identify the program to which expenditures should be charged. State officials did not require non-budgeted expenditure transactions to be identified to a subclass. The program designations in the Schedules of Total Expenditures are based on the subclass designation used when the expenditures were recorded.

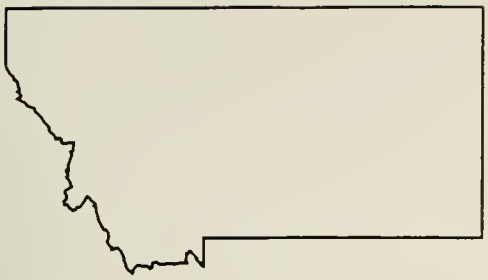
Notes to the Financial Schedules

3. Expenditures

The panel's "other services" include the management fee paid to the panel director, and the costs associated with conducting panel reviews. The panel held four hearings during fiscal year 2001, and no hearings during fiscal year 2002.

4. Related Parties

The executive director of the Montana Chiropractic Association is also the director of the Montana Chiropractic Legal Panel. The executive director of the Montana Chiropractic Association appoints, and sets the salary of, the director of the panel, subject to approval of the Chief Justice of the Montana Supreme Court.



MONTANA CHIROPRACTIC ASSOCIATION

318 E. 6th Ave. • PO Box 1098 • Helena, MT 59624-1098
Phone (406) 442-7275 • Fax (406) 442-2906 • E-mail: mtchiro@montana.com

November 27, 2002

Scott Seacat, Legislative Auditor
Legislative Audit Division
PO Box 201705
Helena, MT 59620-1705

Dear Sir:

As Director of the Montana Chiropractic Legal Panel, I acknowledge the audit performed by Sonia Powell, Auditor,Legislative Audit Division and concur with her findings.

The panel will continue to operate in a proper fiscal and administrative manner as provided by statute.

Sincerely,

Mary Lou Garrett

Mary Lou Garrett,
Director